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SUBJECT: CONGRESS, TDP BEAT EXPECTATIONS IN ANDHRA PRADESH
BY-ELECTIONS

REF: CHENNAI 028

11. (SBU) Summary: The results of the May 29 by-elections in Andhra Pradesh dealt a blow to separatist aspirations in the southern state's Telangana region. The separatist Telangana Rashtra Samiti (TRS) underperformed despite high expectations, winning only 7 of the 16 seats in the state legislative assembly and two of the four parliamentary seats that went to the polls. Both the Congress and the principal opposition Telugu Desam Party (TDP) won more seats than expected. The strong performance in the by-elections was especially important for Congress: it averted the infighting and strategic blunders that led to defeats in other states and preserved the party's hopes of holding remaining competitive in parliamentary elections in Andhra Pradesh. End summary.

A referendum on separate statehood for Telangana

12. (SBU) The May 29 by-elections to fill the 16 state assembly and four Indian parliamentary seats from the Telangana region that had been vacated by members of the TRS -- a single-issue party devoted to achieving separate statehood for the Andhra Pradesh's historically backward Telangana region (reftel) -- attracted an unusual amount of attention. The by-elections came as a result of the March 2008 mass resignations by TRS legislators in protest of the lack of progress towards statehood. The polls were seen as a "referendum" on whether to establish a separate Telangana state and a "mini-general election" pitting the TRS against both the ruling Congress and the principal opposition TDP. Expectations were that the TRS would win back most of the seats on account of sympathy for their strong stand in favor of a separate state. Visiting Hyderabad on the day of the by-elections, we heard nearly unanimous predictions of a strong showing for the TRS. Even Congress officials were downbeat: "Telangana sentiment is very strong" one told post. He added that "we had hoped to keep the TRS in single digits but that does not seem likely." A senior bureaucrat closely associated with the Congress party echoed the view that TRS would likely retain more than 10 of the 16 legislative assembly seats it had given up.

Telangana voters say no to TRS

13. (U) The by-election results announced on June 1 delivered a surprising rebuke to the TRS. Instead of holding on to most of its seats as expected, the TRS retained only 7 of the 16 Telangana seats in Andhra Pradesh's legislative assembly and two of the four parliamentary seats from the region. Congress and the TDP both

exceeded expectations: Congress picked up 5 legislative assembly seats and one parliamentary seat; TDP won 4 legislative assembly seats and one parliamentary seat. Although TRS President K. Chandrasekhar Rao managed to hold onto his seat, his slim margin of victory was seen as an especially foreboding message for the TRS. Rao won the May 29 by-election by only 15,000 votes; in 2006 he won the same seat by more than 200,000. The poor results rattled the TRS. Rao refused to comment publicly on the elections and resigned as party president two days later. One of the TRS winning parliamentary candidates told reporters that "the Telangana sentiment seems to have failed or lost direction."

TRS falls to Congress/TDP populism

14. (U) Although the by-elections no doubt hurt the immediate prospects for a separate Telangana state, the long term impact is muddier. TRS clearly took a beating, but that beating may speak more to the unpopularity of TRS as a party than to the popularity of the Telangana cause. TRS, especially its president K. Chandrasekhar Rao, came under criticism for forcing the effort and expense of a by-election for the second time in two years. Congress emphasized the development angle by highlighting the numerous programs it has implemented, including heavily subsidized rice, health care for the poor, free power for farmers, and massive irrigation projects. TDP echoed the Congress development mantra, promising to provide even more assistance to voters. TRS, however, campaigned solely on issue of separate statehood and was punished at the polls for ignoring pocketbook issues. Congress and TDP also blunted the effectiveness of TRS's focus on Telangana by blurring their own positions on the question of statehood.

Telangana loses for now but won't go away

15. (SBU) The media quickly seized on the loss to pronounce the movement for Telangana statehood dead, or at least on life support, but the calls for Telangana will probably resume once the sting of the TRS election defeat heals. A media analyst said, "it would be wrong to read the results to mean that Telangana sentiment was not there." Instead, he argued, the Congress and TDP's fuzzy positions on Telangana demonstrate that both parties recognized the continued potency of separatism. At a minimum, the by-election results give Congress some breathing space to deal with the calls for a separate state but the issue will likely resurface. In fact, leaders from the pro-Telangana wing of the Congress party said the by-election results show the need for Congress action on statehood because the people trust Congress (instead of TRS) to deliver.

TDP, Congress gain at TRS expense

16. (SBU) In their battle for power in Andhra Pradesh, both Congress and TDP have gained at TRS's expense. The results have been described variously as a "major morale booster" for Congress and as evidence of a "resurgent" TDP which could threaten Congress's chances in the 2009 elections. The truth is that both parties outperformed expectations, together wresting an unexpected number of seats from the TRS. The TDP overcame hostility to its previous opposition, and current ambiguity, towards Telangana statehood; Congress fought past its failure to deliver despite having promised to support Telangana statehood (reftel), as well as anti-incumbency in a state it has run since 2004.

Comment: Congress dodges a bullet

17. (SBU) Comment: The Andhra Pradesh by-election results were particularly important for the Congress party. Even though Chief Minister YSR Reddy is popular for his development and welfare-oriented approach, there was a great deal of unease about the party's prospects in the by-elections in light of the Congress party's deteriorating national fortunes. The anxiety was acute coming only a week after Congress's first-ever loss to BJP in South India right next door in Karnataka. By averting the crippling infighting and second guessing within the party that characterized its debacle in Karnataka and would have inevitably led to a bad showing in the by-elections, Congress kept alive hopes of remaining

competitive in a state where it dominated during the last national elections, winning 30 of 42 of the state's parliamentary seats. End comment.

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